



ConnectME Fund  
Fourth Round Grant Application  
**Project: B Road Cogan**

March 22, 2010

# ConnectME Fund

## Fourth Round Grant Application

### March 2010

1.	<b>Date:</b>	March 22, 2010
2.	<b>Project Title:</b>	B Road Cogan
3.	<b>Submitting Entity:</b>	Pioneer Broadband
4.	<b>Grant Amount Requested:</b>	\$23,640
5.	<b>Total Project Cost:</b>	\$47,280
6.	<b>Project Contact Information</b>	Don Flewelling, Sales Mgr. Pioneer Broadband 37 North St Houlton, ME 04760 207.532.1254 ext 230 don@pioneerbroadband.net
7.	<b>Party Who Prepared Application</b>	Don Flewelling, Sales Mgr. Tim McAfee, CTO Pioneer Broadband 37 North St Houlton, ME 04760 207.532.1254 don@pioneerbroadband.net

## **8. Executive Summary of the Project**

Pioneer Broadband, in collaboration with the Town of Houlton, submits this Grant Application in response to the ConnectME Authority Grant Funding Program for deployment of broadband Internet service in rural Maine.

The B Road Cogan Remote Terminal (RT) in Houlton has approximately 150 homes based on our own assessment of the network wire plant. Pioneer and the Town of Houlton have a goal of bringing high-speed, broadband Internet access to 100% of these homes via DSL.

Pioneer is proposing to install a DSL Access Module (DSLAM) adjacent to the RT on the corner of the B Road and Cogan Road intersection in Houlton, ME.

The exact service area will be the geographic area covered by the Local Exchange Carriers (LEC) wire facilities at the RT out to a distance of 18,000 feet. Pioneer has requested the exact route of the physical cable plant from the LEC.

## **9. A description of the geographic area proposed to be served by the project and sufficient information to establish that it is an unserved area, preferably at street-level granularity, and not likely to be served in the foreseeable future.**

*(Most applicants conduct independent research to determine if a community has broadband or are sufficiently familiar with the community to know that there isn't any terrestrial broadband available).*

*We recommend that applicants find partners among the various providers of broadband services or community-based organizations to use the grant as "gap-financing" to get operational infrastructure installed. The amount of local public and private funding and in-kind contributions will be considered when reviewing the applications.*

*Applicants must be aware of recent legislative changes that require the ConnectME Authority to give priority to grant proposals that, relative to other proposals, seek to extend access to broadband internet service to a higher percentage of an "unserved" area within a municipality or other appropriate geographic area. The legislation requires the Authority to also consider the percentage of households with access to broadband service when establishing criteria to define unserved and "underserved" areas;*

The geographic area is the area covered by the Local Exchange Carriers (LEC) wire facilities originating at the RT out to a distance of 18,000 feet, which includes portions of the B Road, Cogan Rd, Knapp Lane, Front Ridge Road, Back Ridge Road, Jordan Rd and Callahan Road. These areas are heavily forested, and there is no wireless, cable or DSL service thus rendering this territory **unserved**.

Pioneer has studied the Houlton area for 10 years in other efforts to obtain grant funds to provide service for this unserved area. Pioneer has spoken with Houlton town officials to confirm yet again that the area still has no broadband availability and, thus, they requested that Pioneer apply to the ConnectME Authority for funding. Lack of broadband service in Houlton was also confirmed by the ConnectME Authority Broadband Availability mapping. The map indicates that there is DSL service, however a call to the ILEC (FairPoint) reveals that there is no such service available. Nor do we have any indication from their employees that there is any intention to do so.

These reports demonstrate the essential need for broadband capability in the distinctly rural, **unserved** B Road – Cogan Road area of Houlton.

**10. A description of the proposed project, including:**

**a. Public-private partnerships and collaborations that have been established;**

Pioneer Broadband, in collaboration with the Town of Houlton and its citizens, desires to bring high-speed, broadband Internet service to the residents and businesses of area. A letter of support from the Houlton Town Manager is attached.

**b. Evidence that the private partners in the project are eligible to receive funding from the Authority;**

Pioneer Wireless, Inc., d/b/a Pioneer Broadband is a privately owned, Maine company, founded in 2001 and headquartered at 37 North St, Houlton, Maine.

Pioneer Broadband is a for-profit corporation. It has worked with many rural Maine towns and several Native American tribes and has a proven track record of collaborative relationships. *Pioneer has leased facilities in more than 50 locations. All facilities are based on formal lease agreements, thus ensuring community good will with revenue potential for each site owner.*

**c. The type of service to be provided, indicating the technology used and the upstream and downstream speeds of the service to be provided;**

Pioneer is proposing to install a DSL Access Module (DSLAM) adjacent to the Remote Terminal (RT) on the corner of the B Road and Cogan Road in Houlton. Asynchronous Digital Subscriber Line (ADSL) service will be provided to the customer premise (either business or residential) via the existing telco wires attached to the house. We have designed the system to offer the subscribers speeds of 2.2Mbps downstream and 512Kbps upstream.

The B Road Cogan DSLAM will be fed via a fiber optic backhaul line from our nearest node in Houlton. The overall build will also serve several other DSLAM's in the Pioneer network. This grant request includes only the cost of that portion of the construction required to reach the prior backhaul node in the network. Furthermore, current plans from the Maine Fiber Company indicate that the Three Ring Binder Project (3RB) will be built on Route 1 through Houlton.

**d. An estimate of the time required to complete the proposed project;**

The B Road Cogan project will require an estimated three to six months for obtaining the necessary permits and facility construction.

**e. The number and percentage of households and businesses within the area to be served by the project (i.e. who can be served given technical limitations);**

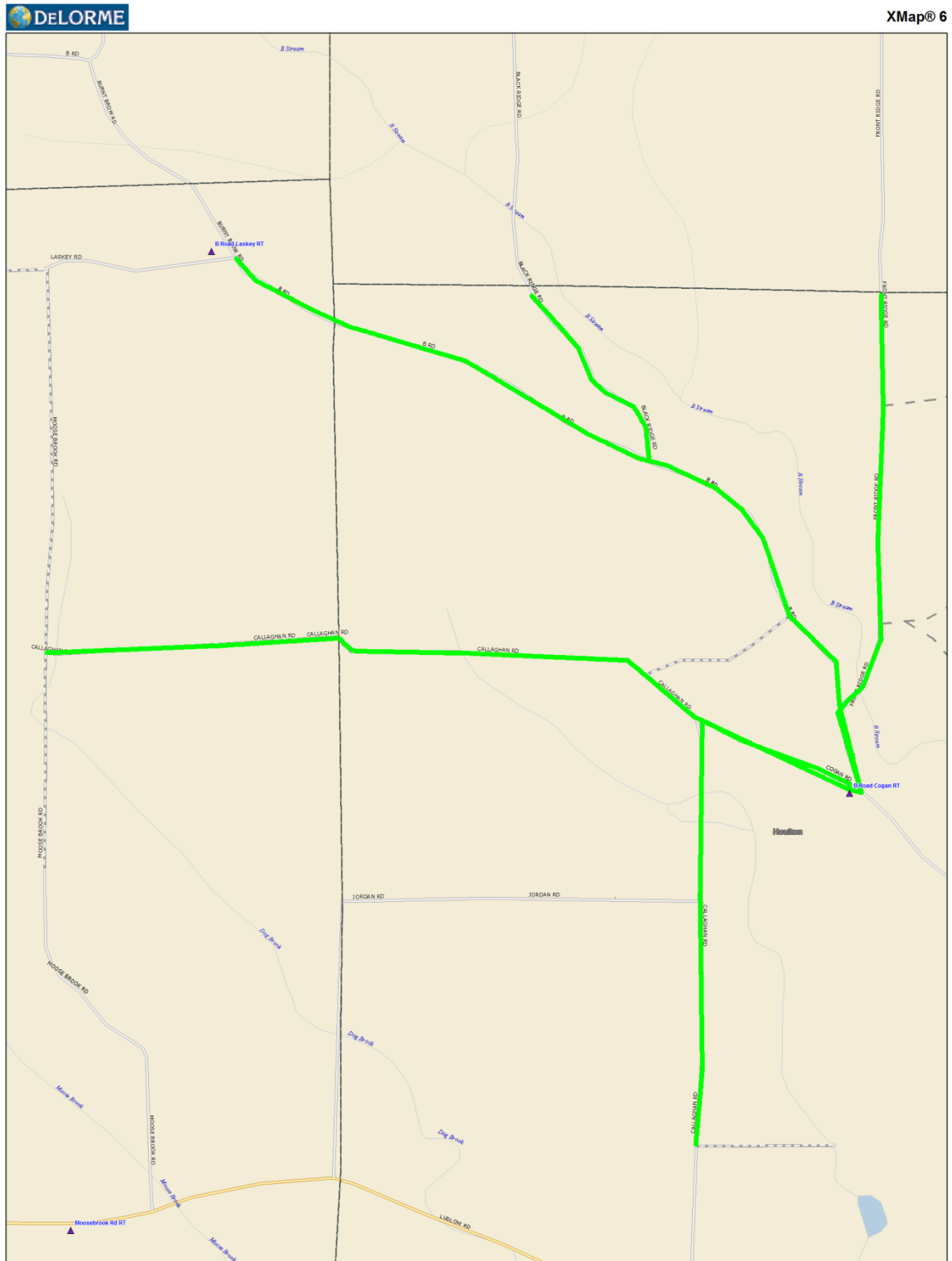
It is estimated that 60 (or 100%) of the homes and businesses in the service area of the B Road Cogan RT (out to 18,000 feet) will have broadband availability.

**f. The estimated price per customer of the service to be provided by the proposed project; and**

Estimated cost per household is \$158.

**g. A map (preferably GIS compatible) or list of municipalities or parts of municipalities that may be covered by the proposed project with GEO Codes.**

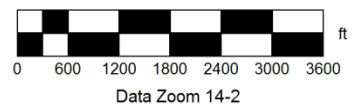
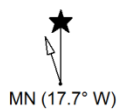
GEO Code: 03300 See map on next page.



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**11. The applicant's financial commitment to the project in addition to the funding requested from the Authority;**

Pioneer is committed to financing the remainder of the expenses of the project.

**12. The estimated number of customers/households who will directly benefit from the project who are currently unserved (provide lists or numbers of potential customers that have indicated a strong commitment to subscribe);**

It is estimated that 60 (or 100%) of the homes and businesses in the service area of the B Road Cogan RT (out to 18,000 feet) will have broadband availability.

**14. Evidence of community support for the proposed project, which may include letters or signatures of residents or businesses located within the area of the proposed project (also, provide letters of interest from landowners for placement of facilities and support commitments from municipalities or community groups);**

See attached letters and emails of support from town officials and citizens of the area.

**15. A description of the applicant's experience relevant to the proposed project; and**

Pioneer Broadband is a telecommunications company based in Houlton, Maine. Pioneer constructed a microwave backbone network in 2001 that today serves 45 towns from over 50 locations. With broadcast coverage over 5000 square miles, Pioneer serves high-speed Internet to over 5000 customers via fiberoptic cable, wireless, cable, and DSL. In 2008, Pioneer registered and was approved to become a CLEC by the Maine Public Utilities Commission, in order to better expand the network backbone via fiber optic cable. Pioneer has a proven track record of successful expansion activities and deep commitment to serving rural Maine.

**16. A demonstration of financial viability provided by pro-forma financial statements for the project and company financial statements. Confidential information may be submitted and should be so marked.**

See attached financials and reports.

**Completed applications are due March 22, 2010. The ConnectME Authority will make application awards after a reviewing and ranking the applications, based on the availability of funds. Submit applications electronically or by mail to:**

**ConnectME Authority**

Phillip Lindley, Executive Director  
Statehouse Station 78  
Augusta, ME 04333-0078

Phone: (207) 624-9970  
Mobile: (207) 441-0498  
[phil.lindley@maine.gov](mailto:phil.lindley@maine.gov)  
[www.maine.gov/connectme/](http://www.maine.gov/connectme/)

### Financial Analysis and Budget

FIBER OPTIC CONNECTIVITY					
Houlton Cogan Rd RT	ConnectME Grant Funding	Cash Match	In-Kind Match	Other Funding Sources	Total
Pole Attachment Application Fee	\$ 500				\$ 500
Make Ready Expense	\$ 7,680				\$ 7,680
Fiber Optic Cable		\$ 3,600			\$ 3,600
Fiber Install - Hardware and Accessories		\$ 4,800			\$ 4,800
Fiber Install - Labor	\$ 6,000				\$ 6,000
<b>FIBER TOTAL</b>	<b>\$ 14,180</b>	<b>\$ 8,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,580</b>
REMOTE TERMINAL					
Remote Terminal Collocation Application Fee		\$ 2,500			\$ 2,500
RT CAPITAL - EQUIPMENT	\$ 3,200				\$ 3,200
RT HARDWARE & MISC	\$ 3,150				\$ 3,150
LOOP ACQUISITION FEE		\$ 11,250			\$ 11,250
RT INSTALL LABOR		\$ 1,150			\$ 1,150
DSL MODEMS		\$ 3,450			\$ 3,450
<b>REMOTE TERMINAL TOTAL</b>	<b>\$ 6,350</b>	<b>\$ 18,350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,700</b>
<b>Total</b>	<b>\$ 20,530</b>	<b>\$ 26,750</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,280</b>



### ProForma Financial

CASH FLOW PRO FORMA	Pioneer Broadband - 37 North Street - Houlton, Maine 04730				
Houlton Cogan Rd RT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Customers added during the year	85	18	20	20	20
Customers in service at end of year	82	97	114	130	145

Monthly Service Charges	Installation Charges	Percent Residential Customers
Standard Residential 2M/512K	Standard Installation	95%
34.95	\$0.00	
Premium Package 8M/1M		Yearly customer churn rate
89.95		3%

REVENUES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
DESCRIPTION					
<b>Initial Contributions to Construction:</b>					
Pioneer's Capital Contribution	\$ 26,750.00	\$ -	\$ -	\$ -	\$ -
ConnectME Grant	\$ 20,530.00	\$ -	\$ -	\$ -	\$ -
<b>Total Initial Contributions to Construction</b>	<b>\$ 47,280.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Revenues from Ongoing Operations:</b>					
Standard Residential Service	\$ 17,794.05	\$ 38,464.22	\$ 45,181.19	\$ 52,091.61	\$ 58,794.71
Premium Service	\$ 2,410.32	\$ 376.67	\$ 3,073.95	\$ 3,505.24	\$ 3,923.60
Installation Revenue	\$ -	\$ 1.00	\$ 2.00	\$ 3.00	\$ 4.00
Other Revenue	\$ 2,142.05	\$ 2,531.40	\$ 2,959.47	\$ 3,374.70	\$ 3,777.47
<b>Total Revenue from Ongoing Operations</b>	<b>\$ 22,346.42</b>	<b>\$ 41,373.29</b>	<b>\$ 51,216.62</b>	<b>\$ 58,974.55</b>	<b>\$ 66,499.77</b>
<b>TOTAL</b>	<b>\$ 69,626.42</b>	<b>\$ 41,373.29</b>	<b>\$ 51,216.62</b>	<b>\$ 58,974.55</b>	<b>\$ 66,499.77</b>

EXPENSES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
DESCRIPTION					
<b>Initial Construction Costs:</b>					
Remote Terminal Construction	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -
Fiber Line Construction	\$ 22,580.00	\$ -	\$ -	\$ -	\$ -
<b>Total Initial Construction Costs</b>	<b>\$ 32,580.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Ongoing Operations Costs:</b>					
Pole Attachment Fees	\$ 1,452.00	\$ 1,452.00	\$ 1,452.00	\$ 1,452.00	\$ 1,452.00
Subloop Lease Costs	\$ 17,809.20	\$ 21,046.28	\$ 24,605.30	\$ 28,057.54	\$ 31,406.21
DSL Modems	\$ 1,955.00	\$ 414.00	\$ 460.00	\$ 460.00	\$ 460.00
Network Management	\$ 1,731.45	\$ 2,046.17	\$ 2,392.18	\$ 2,727.82	\$ 3,053.38
Billing	\$ 1,731.45	\$ 2,046.17	\$ 2,392.18	\$ 2,727.82	\$ 3,053.38
Installation	\$ 1,484.10	\$ 1,753.86	\$ 2,050.44	\$ 2,338.13	\$ 2,617.18
Internet Bandwidth	\$ 7,420.50	\$ 8,769.29	\$ 10,252.21	\$ 11,690.64	\$ 13,085.92
Electricity RT	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00
Maintenance RT	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
<b>Total Ongoing Operations Costs</b>	<b>\$ 34,683.70</b>	<b>\$ 38,627.76</b>	<b>\$ 44,704.31</b>	<b>\$ 50,553.94</b>	<b>\$ 56,228.08</b>
<b>TOTAL</b>	<b>\$ 67,263.70</b>	<b>\$ 38,627.76</b>	<b>\$ 44,704.31</b>	<b>\$ 50,553.94</b>	<b>\$ 56,228.08</b>

NET PROFIT/LOSS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>TOTAL</b>	<b>\$ 2,362.72</b>	<b>\$ 2,745.53</b>	<b>\$ 6,512.31</b>	<b>\$ 8,420.61</b>	<b>\$ 10,271.69</b>
<b>TOTAL CARRIED FORWARD</b>	<b>\$ 2,362.72</b>	<b>\$ 5,108.26</b>	<b>\$ 11,620.57</b>	<b>\$ 20,041.18</b>	<b>\$ 30,312.87</b>
<b>WITHOUT CONNECTME GRANT</b>	<b>\$ (18,167.28)</b>	<b>\$ (15,421.74)</b>	<b>\$ (8,909.43)</b>	<b>\$ (488.82)</b>	<b>\$ 9,782.87</b>